



Department  
for Business  
Innovation & Skills

The Rt Hon William Cash MP  
Chair -House of Commons European Scrutiny Committee  
Room 270  
7 Millbank  
London  
SW1A 3JA



Foreign &  
Commonwealth  
Office

**Lord Livingston of  
Parkhead**

Minister of State for  
Trade and Investment

1 Victoria Street  
London SW1H 0ET  
Direct tel +44 (0)20 7215 0476  
mpst.livingston@bis.gsi.gov.uk

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Dear William

Thank you for your letter of 12 February requesting an update on the negotiations for the Transatlantic Trade and Investment Partnership (TTIP) in anticipation of the next round commencing in Brussels on 10 March.

The first formal exchange of tariff offers took place in February. The EU put forward a strong and ambitious offer, but we understand the initial offer from the US was somewhat less ambitious. We know from our contact with stakeholders and our analysis that the potential gains to be made from a reduction in tariffs are most significant in chemicals and petrochemicals (including oil and fuels) and we are working closely with the European Commission to help get as close as we can to elimination of all remaining tariffs.

A 'retreat' on regulatory coherence was held on 7 February in Washington, bringing together EU and US regulators. As you know, one of the main aims of the TTIP is to reduce, where possible, the barriers and costs created by regulatory differences between the EU and the US, without lowering levels of protection. This could account for over half of the economic benefits. We understand that there continue to be differences in how the two sides are approaching the issues. The UK hosted a conference at Wilton Park 17-18 February at which we were able to clear away some misunderstandings about how the EU and US regulatory systems function, and to inject some new ideas for the negotiators to reflect on as they prepare for the fourth round.

The political stocktake 17-18 February between Commissioner De Gucht and US Trade Representative Froman was a useful opportunity to review progress and to identify those issues where the EU and US have yet to agree an approach in the negotiation. You will have seen that afterwards Commissioner De Gucht emphasised both the potential benefits of a deal, and also the need for significant progress this year.

In Parliament a Backbench Business debate took place on 25 February, with Ken Clarke responding for the Government. I note the concerns that were expressed, particularly in relation to investor-state dispute settlement and welcome the European Commission's consultation on this topic, to start this month.

We expect the fourth round of negotiations to touch on most elements of a deal with particular focus on regulatory coherence, services and public procurement. We also expect negotiations to cover Dispute Settlement, State Owned Enterprises, Sustainable Development, and Technical Barriers to Trade (TBT) and BIS officials have been involved in technical discussions to help prepare the European Commission.

I will be giving evidence to the Lords' Inquiry into the TTIP on 20 March. Looking a little further ahead, the EU-US Summit is scheduled to take place in Brussels on 26 March and provides an opportunity to reiterate high level political support for the TTIP negotiations, reaffirming commitment to an ambitious regulatory and trade deal.

I am copying this letter to Lord Boswell and Jake Vaughan in the House of Lords, John Healey MP, Les Saunders of the Cabinet Office and Marzena Bujalska in BIS.

Regards



**LORD LIVINGSTON  
OF PARKHEAD**